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EXAMINER

POND, ROBERT M

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UNITED STATES PATENT AND TRADEMARK OFFICE

BEFORE THE PATENT TRIAL AND APPEAL BOARD

Ex parte MICHAEL J. LANGHAMMER

Appeal 2017-008588
Application 12/040,556
Technology Center 3600

Before TERRENCE W. McMILLIN, KARA L. SZPONDOWSKI, and
SCOTT B. HOWARD, *Administrative Patent Judges*.

SZPONDOWSKI, *Administrative Patent Judge*.

DECISION ON APPEAL

This is a decision on appeal under 35 U.S.C § 134(a) of the Examiner's Final Rejection of claims 1–7 and 9, constituting all claims currently pending in the application. We have jurisdiction under 35 U.S.C. § 6(b).

We AFFIRM.

STATEMENT OF THE CASE

Appellant's invention is directed to "management information systems that facilitate retail sales of goods to consumers." Spec. ¶ 2. Claim 1, reproduced below, is representative of the claimed subject matter:

1. A system for merchant-affiliated direct marketing at a place of business of a retail merchant, comprising:

a server comprising a processor and data storage, the data storage maintaining an identification of products potentially for sale, the server under the control of a wholesale organization independent of said retail merchant, at a location which is geographically remote from said place of business of said retail merchant,

a remote computer system comprising a processor and communications connection at said place of business of said retail merchant, under control of a customer of said retail merchant at said place of business of said retail merchant, the remote computer system communications connection permitting the customer to obtain information regarding products for retail sale from said server,

said server responding to the remote customer's request to purchase a product by consummating a sale transaction for the product between the wholesale organization, the retail merchant, and the customer, and

a wholesale facility under the control of the wholesale organization, within which one or more products for retail sale from said server are stored,

wherein said server, while permitting the remote customer to obtain information regarding products for retail sale from the server, shields the identity of the wholesale organization at said wholesale facility from the customer.

REJECTION

Claims 1–7 and 9 stand rejected under 35 U.S.C. § 101 because the claimed invention is directed to non-statutory subject matter. Ans. 2.

ANALYSIS

35 U.S.C. § 101 Rejection

Alice Corp. Pty. Ltd. v. CLS Bank Int’l, 134 S. Ct. 2347 (2014), identifies a two-step framework for determining whether claimed subject matter is judicially excepted from patent eligibility under 35 U.S.C. § 101. In the first step, “[w]e must first determine whether the claims at issue are directed to a patent-ineligible concept.” *Alice*, 134 S. Ct. at 2355.

The Examiner determines the claimed invention is directed to a “system that manages a marketing process” and more specifically to the abstract idea of “direct marketing at a place of business,” which is “both a fundamental economic practice and a method of organizing human activity.” Ans. 3.

Appellant argues the claimed invention is “directed to a specific process requiring the use of specifically programmed and configured computer hardware, at specific geographic locations,” and the claimed system is “a geographically grounded system.” App. Br. 4. According to Appellant, the claimed invention is not marketing, but is instead “a specific computerized process that requires the use of computer system specifically programmed for its implementation.” App. Br. 4.

We are not persuaded by Appellant’s arguments and agree with the Examiner that the claims are directed to an abstract idea. We agree with the Examiner’s determination that the claimed invention is directed to the

“distribution of an ‘identification of products potentially for sale,’” which is “a marketing process” and “sales process,” and, therefore, a fundamental economic practice. Ans. 3, 7–8; *see* Spec ¶ 20 (“provid[ing] a merchant-affiliated direct wholesale marketing and fulfillment system”). Moreover, we also agree with the Examiner’s determination that the claimed invention is directed to “organizing human activity by permitting the customer at the place of business to use a computer at the place of business to request product information from a server maintaining the product information.” Ans. 3; *see* Spec ¶ 18 (“facilitate catalog sales by merchants at retail locations, by improving the delivery of catalog information to consumers visiting retail locations”). In addition, the claimed invention may be performed by a human using pen and paper (i.e., obtaining and providing product information and performing sales transactions). *See CyberSource*, 654 F.3d at 1373 (“a method that can be performed by human thought alone is merely an abstract idea and is not patent-eligible under § 101.”). Such mental processes remain unpatentable even when performed by a computer. *Id.* at 1375.

We agree with the Examiner that the claimed invention, similar to the claims in *Apple v. Ameranth*, “communicates a product catalog to a remote computer” and is “for customer consumption at a remote computer device.” Ans. 9; *see Apple, Inc. v. Ameranth, Inc.*, 842 F.3d 1229, 1240–1241 (Fed. Cir. 2016) (“generating a second menu from a first menu and sending the second menu to another location” and “taking orders from restaurant customers on a computer” are abstract ideas). Moreover, the claimed invention is also directed to a system that stores data at a location (i.e., collecting data) and permits obtaining the data at a different location (i.e.,

recognizing data and storing the recognized data). *See Content Extraction and Transmission LLC v. Wells Fargo Bank, Nat. Ass'n*, 776 F.3d 1343 (Fed. Cir. 2014) (“The concept of data collection, recognition, and storage is undisputedly well-known” and “humans have always performed these functions”).

In the second step of *Alice*, we “consider the elements of each claim both individually and ‘as an ordered combination’ to determine whether the additional elements ‘transform the nature of the claim’ into a patent-eligible application.” *Alice*, 134 S. Ct. at 2355 (quoting *Mayo Collaborative Services v. Prometheus Laboratories, Inc.*, 566 U.S. 66, 78–79 (2012)). In other words, the second step is to “search for an ‘inventive concept’ – *i.e.*, an element or combination of elements that is ‘sufficient to ensure that the patent in practice amounts to significantly more than a patent upon the [ineligible concept] itself.’” *Id.* (alteration in original) (quoting *Mayo*, 566 U.S. at 72–73).

The Examiner determines the additional elements in the claims (e.g., a server, remote computer system, and wholesale facility) execute in a manner “routinely and conventionally expected of these elements.” Ans. 4. According to the Examiner, these elements “undertake their roles in performance of their activities according to their generic functionalities which are well-understood, routine and conventional.” Ans. 4–5. The Examiner further concludes the claims are not directed to any specific improvement or computer functionality, but rather to the use of conventional or generic technology in a well-known environment. *See* Ans. 9–10.

Appellant argues the claimed invention is “an important enhancement to known ways of doing business.” Reply Br. 2. Specifically, Appellant

argues the claimed invention is “specifically intended to compete with generic computerized online shopping by combining a geographically anchored, in-store experience with the large selection and immediacy possible with computerized browsing.” *Id.* According to Appellant, the claimed invention is not directed to a generic sales process, but is instead tailored to commercial needs of retailers including masking the identity of the merchant. *See* Reply Br. 3.

We are not persuaded by Appellant’s argument and agree with the Examiner’s findings and conclusions. *See* Ans. 4–5, 9–10. Appellant has not adequately explained how or provided persuasive evidence to show why the claims add meaningful limits to practicing the abstract idea. Appellant’s arguments focus on the geographic location of the server and the computer system, however, Appellant does not direct our attention to any evidence in the Specification that the claimed invention improves the technological infrastructure or functioning of the computer as opposed to the abstract idea itself. The claims are not directed to a “technical solution”; rather, they are directed to a business solution that uses conventional computer components for speed or convenience. *See, e.g., Intellectual Ventures I LLC v. Capital One Bank (USA)*, 792 F.3d 1363, 1370 (Fed. Cir. 2015) (“[M]erely adding computer functionality to increase the speed or efficiency of the process does not confer patent eligibility on an otherwise abstract idea.”).

Therefore, we agree with the Examiner that the claims do not improve another technology or technical field, or functioning of the computer itself, and do not have meaningful limitations beyond generally linking use of an abstract idea to a technological environment. *See* Ans. 9–10. We further agree with the Examiner that the claimed invention is similar to the patent-

ineligible claims in *Apple v. Ameranth*. Ans. 9; see *Apple*, 842 F.3d at 1241 (claims that “do not claim a particular way of programming or designing the software to create menus that have these features, but instead merely claim the resulting systems” are “directed to certain functionality” and “not directed to a specific improvement in the way computers operate.”).

Appellant argues the present claims are similar to the claims in *Trading Technologies International, Inc. v. CQG, Inc.*, 675 F. App’x 1001 (Fed. Cir. 2017), because the claims “are directed to a specific improvement to the way computers are geographically positioned and used for online shopping and purchase of goods” and “require specific functionality of the shopping system that is specifically directed to the problem of enabling traditional geographically grounded ‘brick-and-mortar’ retailers to compete with online shopping.” Reply Br. 4. However, in *Trading Technologies*, the “claimed subject matter is ‘directed to a specific improvement to the way computers operate,’” and “imparts a specific functionality . . . ‘directed to a specific implementation of a solution to a problem in the software arts.’” *Trading Technologies*, 675 F. App’x at 1006. Appellant does not explain how the claimed steps, performed by the claimed system, including storing and providing product data to a remote location, and consummating a sale transaction for a product while shielding the identity of the wholesale organization, provides a specific improvement to the way computers operate or a problem in the software arts.

Moreover, the Examiner finds the present claims are similar to the claims in *In re TLI Communications LLC Patent Litigation*, 823 F.3d 607 (Fed. Cir. 2016). Ans. 9–10. Specifically, the Examiner determines the present claims recite “physical components that provide a generic

environment in which to carry out the abstract idea” and are “not directed to a specific improvement to machine (server or remote computer) functionality.” Ans. 9. According to the Examiner, the claimed “remote computer system residing at the retail merchant’s place of business behaves as expected” and the claimed “server fails to add an inventive concept because it is simply a generic device that ‘administers’ a product catalog,” and therefore the “recited physical components behave exactly as expected according to their ordinary use.” Ans. 10. Appellant does not rebut the Examiner’s findings.

The claims, when viewed as a whole, perform conventional computer processing functions (obtaining, storing, and processing data) that courts have routinely found insignificant to transform an abstract idea into a patent-eligible invention. *See Alice*, 134 S. Ct. at 2360. As such, the claims amount to nothing significantly more than an instruction to implement the abstract idea on a generic computer – which is not enough to transform an abstract idea into a patent-eligible invention. *See Alice*, 134 S. Ct. at 2360.

Accordingly, we sustain the Examiner’s 35 U.S.C. § 101 rejection of claims 1–7 and 9.

DECISION

The Examiner’s 35 U.S.C. § 101 rejection of claims 1–7 and 9 is affirmed.

No time period for taking any subsequent action in connection with this appeal may be extended under 37 C.F.R. § 1.136(a)(1)(iv).

AFFIRMED